Statement

Details of Benami Shares of HSM Group
Valued as on 22-2-94

Sr. No.	Scrip	No. of Shares	Rate Rs.	Value Rs.
1.	ACC	5,15,429	3,670	1,89,16,24,430
2.	I. T. C. Agrotech	2,22,200	350	7,77,70,000
3.	J. P. Industries	2,19,125	100	2,19,12,500
4.	Excel Industries	9,972	905	90,24,660
5.	Saw Pipes	1,87,900	560	10,52,24,000
6.	RIL	6,80,740	398	27,09,34,520
7.	Tata Tea	1,35,355	820	11,09,91,100
8.	Mazda Industries	2,45,921	171	4,20,52,491
9.	Apollo Tyres	1,60,150	205	3,28,30,750
10.	Indo Gulf Fertilizers	72,100	125	90,12,500
11.	Indian Rayon	8,635	632.50	54,61,637
12.	ITC Classic Finance	6,400	325	20,80,000
13.	Bombay Dyeing	52,706	410	2,16,09,460
14.	Century Textiles	964	10,100	97,36,400
15.	Orkay Industries	37,475	36.50	13,67,837
16.	Castrol	2,500	1,100	27,50,000
17.	United Phosphores	30,370	1,260	3,82,66,200
18.	Sesa Goa	1,70,450	650	11,07,92,500
19.	Essem Catalyst *	1,29,700	30	38,91,000
20.	Mahindra & Mahindra	2,500	310	7,75,000
21.	Colgate	1,850	537.50	9,94,375
22.	Oswal Fats	17,970	115	20,66,550
23.	Vikrant Tyres	7,600	30	2,28,000
24.	Arvind Mills	1,150	260	2,99,000
25.	I.T.C.	68,600	745	5,11,07,000
26.	Gujarat Fertilizers	3,435	275	9,44,625
27.	Gujarat Narmada	2,08,750	92.50	1,93,09,375
28.	NOCIL	1,166	845	9,85,270
29.	Mazda Enterprises (Packaging)	1,06,400	90	95,76,000
30.	Zuari Agro.	4,000	400	16,00,000
31.	VIP Industries	3,11,000	COST	3,58,30,000
32.	Bajaj Auto Ltd.	5,250	1,140	59,85,000
33.	J. K. Industries	40,050	180	72,09,000
34.	Glaxo India	38,550	462.50	1,78,29,375
35.	Madras Cement	6,230	9,000	5,60,70,000
36.	ITC Bhadrachalam	2,000	410	8,20,000
37.	Svadeshi Mills	2,480	65	1,61,200
38.	Gujarat Ambuja	43,126	530	2,28,56,780
39.	Birla Jute	69,885	280	1,95,67,800
	TOTAL :	38,37,934		3,03,06,00,086

Private Sector participation in Banking and Insurance industries

3788. SHRI SANJAY DALMIA : Will the Minister of FINANCE be pleased to state the norms prescribed by Government for private sector participation in banking and insurance industries ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : Reserve Bank of India have laid down guidelines for entry of the private sector into banking industry, which provide inter-alia that minimum paid-up capital for a new bank should be Rs. 100 crores. A copy

of the RBI guidelines is attached as Annexure as statement (*See* below).

The Government have not laid down any norms for private sector participation in the insurance industry.

Statement

Guidelines on Entry of New Private Sector Banks

(a) Such a bank shall be registered as a public limited company under the Companies Act, 1956.

(b) The RBI, may, on merits, grant a licence under the Banking Regulation Act, 1949 for such a bank. The bank may also be included in the Second Schedule of the Reserve Bank of India Act, 1934 at the appropriate time. The decision of the RBI in these matters shall be final.

(c) The bank will be governed by the provisions of the Banking Regulation Act, 1949 in regard to its authorised subscribed and paid-up capital. The minimum paid-up capital for such a bank shall be Rs. 100 crores. The promoters' contribution for such a bank shall be determined by the RBI and will also be subject to other applicable regulations.

(d) The shares of the bank should be listed on stock exchanges.

(e) To avoid concentration of the headquarters of new banks in metropolitan cities and other overbanked areas, while granting a licence preference may be given to those the headquarters of which are proposed to be located in a centre which does not have the headquarters of any other bank.

(f) Voting rights of an individual shareholder shall be governed by the ceiling of 10 per cent of the total voting rights as stipulated by Section 12(2) of the Banking Regulation Act.

(g) The new bank shall not be allowed to have as a Director any person who is a Director of any other banking company, or of companies which among themselves are entitled to exercise voting rights in excess of twenty per cent of the total voting rights of all the shareholders of the banking company, as laid down in the Banking Regulation Act, 1949.

(h) The bank will be governed by the provisions of the Reserve Bank of India, 1934, the Banking Regulation Act, 1949 and other relevant statutes, in regard to its management set-up liquidity requirements and the scope of its activities. The directives, instructions, guidelines and advices given by the RBI, shall be applicable to such a bank as in the case of other banks. It would be ensured that a new bank would concentrate on core banking activities initially.

(i) Such a bank shall be subject to prudential norms in respect of banking operations accounting policies and other policies as are laid down by RBI. The bank will have to achieve capital adequacy of 8 per cent of the risk weighted assets from the very beginning. Similarly, norms for income recognition, assets classification, and provisioning will also be applicable to it from the beginning. So will be the single borrower and group borrowers exposure limits that will be in force from time to time.

(j) The bank shall have to observe priority sector lending targets as applicable to other domestic banks. However, in recognition of the fact that new entrants may require some time to lend to all categories of the priority sector, some modification in the composition of the priority sector lending may be considered by the RBI for an initial period of three years.

(k) Such a bank will also have to comply with such directions of the RBI as are applicable to existing banks in the matter of exports credit. As a facilitation of this it may be issued an authorised dealers licence to deal in foreign exchange, when applied for.

(l) A new bank shall not be allowed to set up a subsidiary or mutual fund for at least three years after its establishment. The holding of such a bank in the equity of other companies shall be governed by the existing provisions applicable to other banks viz.—

(i) 30 per cent of the bank's or the invitee company's capital funds, whichever is less, as set out under the Banking Regulation Act, 1949; and

(ii) 1.5 per cent of the bank's incremental deposits during a year as per RBI guidelines.

The aggregate of such investments in the subsidiaries and Mutual Fund (if and when set up) and portfolio investment in other companies shall not exceed 20 per cent of the bank's own paid up capital and reserves.

(m) In regard to branch opening, it shall be governed by the existing policy that banks are free to open branches at various centres including urban/metropolitan centres without the prior approval of the RBI once they satisfy the capital adequacy and prudential accounting norms. However, to avoid over-concentration of their branches in metropolitan areas and cities, a new bank will be required to open rural and semi-urban branches also, as may be laid down by RBI.

(n) Such a bank shall have to lay down its loan policy within the overall policy guidelines of RBI. While doing so, it shall specifically provide prudential norms covering related party transactions.

(o) Such a bank shall make full use of modern infrastructural facilities in office equipments, computer, telecommunications etc. In order to provide good customer service the bank should have a high powered customer grievances cell to handle customer complaints.

(p) Such other conditions as RBI may prescribe from time to time.

Laxity in the Reconciliation of Account by Banks

3789. SHRI VIREN J. SHAH :
SHRI KRISHNA KUMAR BIRLA :

Will the Minister of FINANCE be pleased to state :

(a) whether there has been widespread laxity on the part of banks in the country in the reconciliation of accounts which is proving to be a breeding ground for various kinds of malpractices in banking operations, as reported by the Central Vigilance Commission, stating the main reasons of malpractices in banking operations noticed by the Commission;

(b) what steps Government have taken or propose to take to remove the backlog in reconciliation work which is in heavy arrears in certain banks;

(c) what are the details of action Government propose to take on the remarks of CVC;

(d) the number of enquiries pending with banks against bank officers, as on 31st March, 1994 on various charges of corruption and inefficiency levelled against them; and

(e) what steps Government have taken to expedite disposal of these enquiries against officers of banks before their retirement from service ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Delay in reconciling interbranch accounts is an accounting irregularity and not a deliberate malpractices. There are several reasons for such delays including lack of computerisation at branch level, periodicity of bank audit as well as past arrears.

(b) and (c) A Working Group had been set up by the RBI to look into the system of accounting and reporting procedures which would speed up the process of reconciliation of outstanding entries.

On the recommendations of the group, a time bound programme has been prescribed for reconciliation work on interbranch account entries. It has been reported by the RBI that from 1993-94 onwards, banks will have to reconcile unadjusted entries within 6 months.

(d) The information is being collected and will be laid on the Table of the House.

(e) RBI have impressed upon the public sector banks, the need for the departmental enquiries to be finalised expeditiously, preferably within a period of 6 months.

Exemption of Excise Duty on Grey Fabrics

3790. SHRI PRAGADA KOTAIAH : Will the Minister of FINANCE be pleased to state :

(a) why there is no excise duty on grey fabrics woven in mills and on powerlooms;